

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

July 20, 2001

IN RE:

**BELLSOUTH TELECOMMUNICATIONS, INC.
TARIFF TO OFFER CONTRACT SERVICE
ARRANGEMENT (TN00-9929-00)**

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DOCKET NO. 01-00435

**ORDER GRANTING APPROVAL OF BELLSOUTH
CONTRACT SERVICE ARRANGEMENT (TN00-9929-00)**

This matter came before the Tennessee Regulatory Authority ("Authority") at a regularly scheduled Authority Conference on June 12, 2001 on the tariff filing of BellSouth Telecommunications, Inc. ("BellSouth") for approval to offer Contract Service Arrangement No. TN00-9929-00 ("CSA"). BellSouth filed Tariff No. 01-00435 on May 16, 2001, with a proposed effective date of June 14, 2001.

Based upon careful consideration of the tariff filing and the attachments thereto, the Authority made the following findings and conclusions:

1. The purpose of this CSA is to provide Primary Rate Integrated Services Digital Network ("ISDN") service to the customer identified in the filing. Primary Rate ISDN service supports the simultaneous transmission of voice, data, and packet services on the same exchange access line.
2. The term of this CSA is twenty-four (24) months.
3. Through this CSA, BellSouth is offering the customer a twenty-five and nine-tenths percent (25.9%) discount on recurring charges and discounted non-recurring charges.

4. BellSouth provided an addendum executed by the customer setting forth the applicable termination charges as follows:

the lesser of (A) the sum of the repayment of discounts received during the previous 12 months of the service, the repayment of any pro-rated waived or discounted non-recurring charges set forth in the Agreement, and the repayment of the pro-rated contract preparation charge set forth in Note 2 of the Agreement; or (B) six percent (6%) of the total Agreement amount, or twenty-four percent (24%) of the average annual revenue for an Agreement with a term longer than four (4) years. Notwithstanding any provisions in the Agreement to the contrary, Customer and BellSouth agree that with regard to services provided within the State of Tennessee, this Paragraph of this Addendum sets forth the total amounts of liquidated damages the Customer must pay upon early termination of the Agreement without cause.

The Authority finds that the phrase requiring the payment of twenty-four percent (24%) of the average annual revenue does not apply to the termination of this CSA because the term of this CSA does not exceed four years. Given this finding, the Authority further concludes that the remaining language imposes the same limitations as the termination liability limitation language adopted by the Directors in Docket No. 00-00720.¹

5. BellSouth provided an addendum executed by the customer stating that the customer was aware of competitive alternatives available to it in Tennessee and that the customer and BellSouth have agreed on the termination provisions and that the termination charges represent a reasonable estimate of BellSouth's damages in the event of termination.

¹ See *In re: BellSouth Telecommunications, Inc.'s Tariff for Contract Service Arrangement (MS 99-8999-00)*, Docket No. 00-00720, *Order Granting Approval of BellSouth Contract Service Arrangement (MS 99-8999-00)*, p. 3 (Dec. 4, 2000). In Docket No. 00-00720, the Authority approved a CSA contingent upon BellSouth notifying the customer of certain termination liability limitations. During the January 23, 2001 Authority Conference, it was established that where the termination liability limitation language appears in the CSA or addendum thereto, BellSouth is not required to provide additional notification to the customer upon approval of the CSA by the Authority. With its filing, BellSouth will provide information to the Authority regarding the existence of such language in the CSA or addendum thereto. See Transcript of Proceedings, Jan. 23, 2001, pp. 10-14 (Authority Conference).

6. BellSouth supplied cost data which indicates that the price of services offered under the CSA exceed their long-run incremental costs. This data indicates that BellSouth has complied with the statutory price floor established in Tenn. Code Ann. § 65-5-208(c).


7. No parties sought to intervene in this docket.

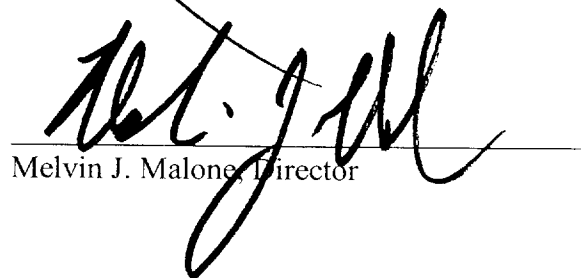
Based upon the foregoing, the Directors of the Authority unanimously determined that the CSA in this docket should be granted.

IT IS THEREFORE ORDERED THAT:

BellSouth Telecommunications, Inc.'s Tariff No. 01-00435, which seeks approval of Contract Service Arrangement No. TN00-9929-00, is hereby granted.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary